



DEPARTMENT OF GENERAL SERVICES

Executive Office • 1325 J Street, Suite 1910 • Sacramento, California 95814-2928

April 20, 1999

The Honorable Steve Peace, Chair
Joint Legislative Budget Committee
State Capitol, Room 3060
Sacramento, CA 95814

Dear Senator Peace:

Pursuant to Government Code Section 14669 (c), I am pleased to report to the Legislature that the Department of General Services has entered into two leases during calendar year 1998. The leases involve office space and contain options to purchase as follows:

1. Teale Data Center – A lease dated March 11, 1998, was entered into to replace the existing facility at 2005 Evergreen Street in North Sacramento. The new lease contains 137,275 net square feet of space located at 3101 Gold Camp Drive in Rancho Cordova. The lease term is for 20 years, with a firm term of 15 years beginning in September 1999, at a monthly rent of \$363,895 or \$4,366,737 annually for the first five years.

The state has an option to purchase the entire facility during the first two years of occupancy at a purchase price of \$45,000,000; thereafter, the purchase price is \$43,500,000. In addition to the preceding, the state owes the unamortized balance of \$883,495 amortized over 240 months at 12 percent interest per annum.

2. The Department of General Services, Multi-Agency Consolidation-A lease dated February 1, 1998, to consolidate several state agencies from various locations in the San Diego area into one facility to be located in Mission Valley Heights. The new facility will contain approximately 219,000 net square feet of office and 880 parking spaces, with a commencement date of April 1, 2000, for a 25-year term ending March 31, 2025. The starting monthly rent is \$299,946 for the first year and escalates annually to \$445,065 per month in year 2025.

The state has an option to purchase the entire facility and all improvements upon the completion date of April 1, 2000 through September 30, 2001, at a price of \$37,900,000. The next purchase option opportunity occurs only between the period September 1, 2011 through August 30, 2012, at a price of \$51,850,000.

If you have any questions, please contact Lane Richmond, Chief, Real Estate Services Section, Professional Services Branch, Department of General Services, at 916-323-6566.

Sincerely,

CLIFF ALLENBY, Interim Director
Department of General Services

cc: Rick Simpson, Legislative Secretary, Office of the Governor
Happy Chastain, Deputy Secretary–Legislation, State and Consumer Services
Agency
Karen L. Neuwald, Assistant Director–Legislation, Department of General Services